Decrease in the ratio of developmental expenditure

*112. SHRI NARENDRA MOHAN: Will the PRIME MINISTER be pleased to state:

(a) whether Government are aware that there has been constant decrease in the ratio of developmental expenditure in relation to total expenditure;

(b) if so, whether it is a fact that in eighties it was 70.7 per cent, which fell down to 65.5 per cent during nineties and during 1998-99 it has come down to 62.7 per cent;

(c) whether the Planning Commission have done any study on this unhealthy trend; and

(d) if so, the results thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING, MINISTER OF STATE IN THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCES OF THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS (SHRI ARUN SHOURIE): (a) to (d) The total expenditure of States comprises of Developmental and non-developmental expenditure. Developmental expenditure broadly relates to Social Services and Economic Services. Non-developmental expenditure comprises of expenditure on organs of the State, fiscal services, interest payments & servicing of debts, administrative services, pensions & miscellaneous general services. Development expenditure as a percentage of total expenditure was 70.1% in 1980-81, 69.2% in 1989-90 and 60.2% in 1999-2000. A table showing year-wise figures of developmental and non-developmental expenditure since 1980-81 is annexed. (*See* below)

The decline in the share of developmental expenditure to total expenditure is on account of the relatively faster growth of some items of non-developmental expenditure viz. interest payments, administrative services and pensions & miscellaneous general services.

The Planning Commission has been closely monitoring these

unhealthy trends and has been expressing its concerns to the State Governments while reviewing the State finances at the time of finalizing their Annual Plans.

Table

Developmental and Non-developmental Expenditure of the State Governments

(Rs. in crore)

Year	Developmental Expenditure	Non-developmental Expenditure	Others	Total
	Total	Total	#	(Dev.+Non-dev.+others)
1	2	3	4	5
1980-81	15,961 (70.1%)	4,289 (18.8%)	2,520 (11.1%)	22,770 (100.0%)
1981-82	17,960 (70.2%)	4,997 (19.5%)	2,615 (10.2%)	25,572 (100.0%)
1982-83	20,694 (71.0%)	5,883 (20.2%)	2,565 (8.8%)	20,097 (100.0%)
1983-84	23,972 (71.2%)	6,882 (20.4%)	2,814 (8.4%)	33,668 (100.0%)
1984-85	27,958 (70.3%)	8,340 (21.0%)	3,448 (8.7%)	39,746 (100.0%)
1985-86	31,732 (70.7%)	9,617 (21.4%)	3,519 (7.8%)	44,868 (100.0%)
1986-87	36,827 (70.6%)	11,220 (21.5%)	4,149 (7.9%)	52,196 (100.0%)
1987-88	42,451 (71.2%)	13,322 (22.3%)	3,878 (6.5%)	59,651 (100.0%)
1988-89	46,984 (70.0%)	15,886 (23.7%)	4,224 (6.3%)	67,094 (100.0%)

1	2	3	4	5
1989-90	53,150 (69.2%)	19,253 (25.1%)	4,406 (5.7%)	76,809 (100.0%)
1990-91	63,370 (69.5%)	22,600 (24.8%)	5,272 (5.8%)	91,242 (100.0%)
1991-92	74,588 (68.7%)	27,143 (25.0%)	6,915 (6.4%)	108,646 (100.0%)
1992-93	80,567 (67.5%)	32,104 (26.9%)	6,664 (5.6%)	119,335 (100.0%)
1993-94	82,889 (64.7%)	38,020 (29.7%)	7,241 (5.7%)	128,150 (100.0%)
1994-95	95,569 (62.6%)	49,556 (32.4%)	7,650 (5.0%)	152,775 (100.0%)
1995-96	114,819 (64.7%)	55,380 (31.2%)	7,385 (4.2%)	177,584 (100.0%)
1996-97	136,534 (65.2%)	63,878 (30.5%)	8,845 (4.2%)	209,257 (100.0%)
1997-98	145,268 (63.7%)	71,767 (31.5%)	11,100 (4.9%)	228,135 (100.0%)
1998-99	175,247 (62.7%)	88,795 (31.8%)	15,279 (5.5%)	279,321 (100.0%)
1999-00	187,502 (60.2%)	109,421 (35.2%)	14,363 (4.6%)	311,286 (100.0%)

Others comprise Compensation and Assignment to Local Bodies, grants-in-aid Contribution and reserve with Finance Department.

SOURCE: "State Finances—A Study of Budgets of 1999-2000" and "Handbook of Statistics on Indian Economy" by RBI.